GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1660
ANSWERED ON:10.03.2017
Cooperative Credit Institutions
Ahlawat Smt. Santosh

Will the Minister of FINANCE be pleased to state:

(a) whether cooperative credit institutions are incurring losses due to declaration of the Government to provide crop loan to farmers at subsidised rate of interest;

(b) if so, the details thereof, State/ UT-wise;

(c) whether the Government proposes to provide subsidized interest to recoup losses incurred by cooperative credit institutions; and

(d) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): The Government of India in the Department of Agriculture, Cooperation & Farmers' Welfare implements an Interest Subvention Scheme under which short term crop loans up to Rs.3.00 lakh are made available to farmers at an interst rate of 7 percent per annumn by the Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and Cooperative Banks. Under the Scheme, the Government provides interest subvention of 2% directly to the Cooperative Banks for such crop loans to make good the loss that the banks may incur on account of involvement of their own funds. Further, the Cooperative Banks get short term refinance from National Bank for Agriculture & Rural Development (NABARD), at the concessional interest rate of 4.5% through the Short Term Cooperative Rural Credit (Refinance) Fund.